



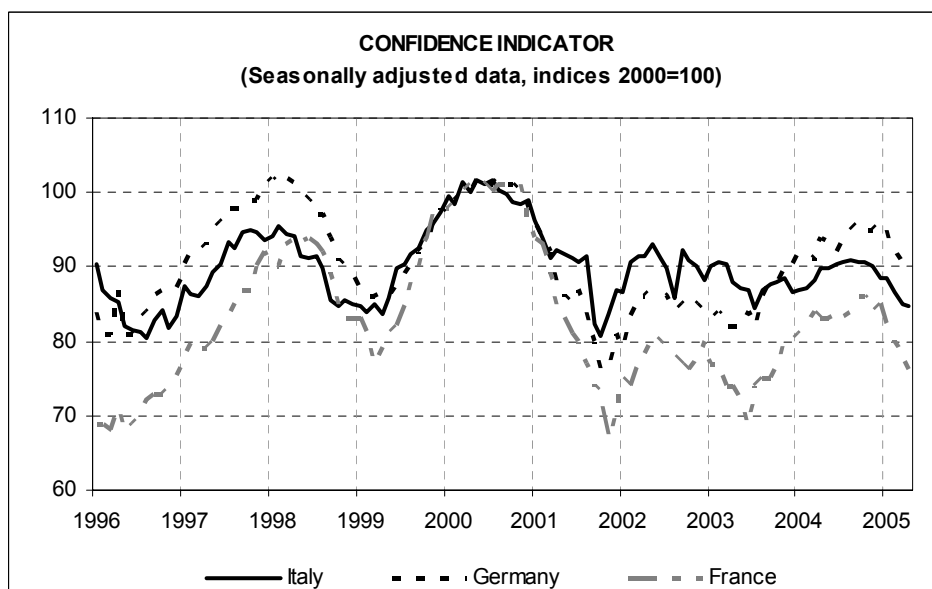
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Date: May 3, 2005
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THE APRIL CONFIDENCE OF MANUFACTURING FIRMS IN THE THREE MAIN COUNTRIES OF THE EURO AREA REACHES THE LOWEST LEVELS OF THE PAST TWO YEARS

- In Germany, the IFO indicator – seasonally adjusted by ISAE and computed on the basis 2000 = 100 – decreases from 90 to 89, which is one of the lowest levels since October 2003. In France, the INSEE index – seasonally adjusted by ISAE and computed on the basis 2000 = 100 – falls from 78 to 76, which is also one of the lowest figures ever registered since October 2003. In Italy, as already outlined in the data distributed by ISAE on April 28, confidence goes from 85.1 to 84.6, which is the lowest level since July 2003
- In all three countries, opinions on the current order-book volume further diminish. Production expectations strongly worsen in France and in Germany and show signals of recovery in Italy (after the strong March contraction). Inventories grow again in France, they stabilise in Germany and slightly diminish in Italy
- With regard to prices, Italian entrepreneurs expect a selling price rise, while they are expected to decrease in France and Germany in the next few months



Data on May shall be diffused on **June 1, 2005**

Next ISAE Surveys are scheduled as follows:

May 5, 2005: ISAE Quarterly Business and Consumers Surveys: Territorial Aspects (Reference period: Q1 2005)

May 24, 2005: ISAE Monthly Consumer Survey (Reference month: May)

May 25, 2005: ISAE Monthly Business Survey on Manufacturing and Extractive Firms (Reference month: May) and ISAE Bi-Annual Investment Survey (Reference period: H1 2005)

May 26, 2005: ISAE Monthly Survey on Traditional Retail Trade and Large Distribution (Reference month: April) and ISAE Monthly Business Service Survey (Reference month: May)

The full text of ISAE Surveys (either hardcopy or electronic) is available on sale (for further information see web site www.isae.it)

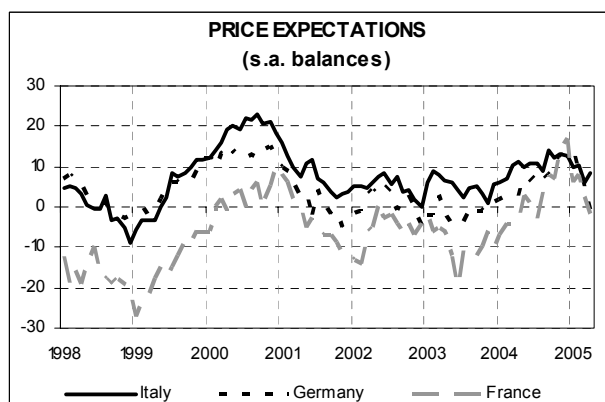
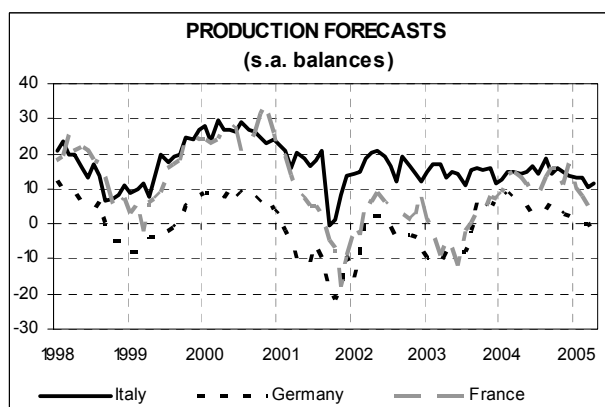
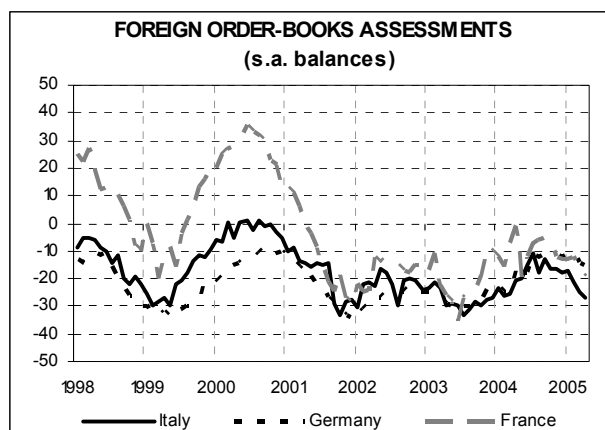
General results

The April confidence of manufacturing and extractive firms worsens in the three main countries of the euro area, reaching its lowest levels of the past two years. In France, the INSEE index – seasonally adjusted by ISAE and computed on the basis 2000 = 100 – falls from 78 to 76, and in Germany, the IFO indicator – seasonally adjusted by ISAE and computed on the basis 2000 = 100 – decreases from 90 to 89: in both cases those are the lowest levels since October 2003. In Italy, as already outlined in the data distributed by ISAE on April 28, confidence goes from 85.1 to 84.6, which is the lowest level since July 2003. In all three countries, the deterioration is due to an order-book contraction, accompanied by a fall in production expectations in France and Germany.

IFO and INSEE Surveys for Germany and France

In April, the balance of German entrepreneurs' assessments on their order-book volume decreases from -22 to -23 (the foreign component passing from -14 to -15), which is close to the minimum values of May 2004. Stocks stabilise, while short-term prospects on production worsen from 0 to -3 (which is negative again for the first time since July 2003). Finally, the share of those expecting a price rise in the next three months falls short of the number of those expecting their reduction and the balance is negative again (from 5 to -1), and close to the lowest figures registered since October 2003.

In France too, April assessments on the present order-book volume are worsening (from -19 to -21 in terms of balance, which is close to the lowest figures since February 2004), while the foreign component passes from -18 to -19. Darker signals come from production expectations (diminishing from 5 to 3, which is close to the minimum figures since October 2003) and from inventories, which attain historically high levels (growing from 16 to 18). With reference to selling prices, French entrepreneurs also expect an industrial price contraction: their balance should be negative again (passing from 3 to -2) and close to the lowest levels since June 2004.



Manufacturing firms' confidence climate (seasonally adjusted data, indices 2000 = 100)

	Italy	France	Germany
January 2005	88.6	82	95
February 2005	86.7	80	92
March 2005	85.1	78	90
April 2005	84.6	76	89

Sources: ISAE and ISAE elaborations on IFO and INSEE data.